

Fujitsu Limited
October 27, 2016

Notice Regarding Management Direction

Tokyo, October 27, 2016 – Fujitsu Limited has announced the achievements for the year past, and the future measures and perspectives regarding the Management Direction which Fujitsu announced on October 29, 2015, as attached hereto.

With respect to the reformation of PC Business which is referred to in the attached Management Direction, Fujitsu has also issued a related press release today as below.

[Reference]

Fujitsu and Lenovo to Explore Global Strategic PC Engagement (October 27, 2016)

Press Contacts:

Fujitsu Limited

Public and Investor Relations Division

Inquiries: <https://www.fujitsu.com/global/about/resources/news/presscontacts/form/index.html>

About Fujitsu

Fujitsu is the leading Japanese information and communication technology (ICT) company, offering a full range of technology products, solutions, and services. Approximately 156,000 Fujitsu people support customers in more than 100 countries. We use our experience and the power of ICT to shape the future of society with our customers. Fujitsu Limited (TSE: 6702) reported consolidated revenues of 4.7 trillion yen (US\$41 billion) for the fiscal year ended March 31, 2016. For more information, please see <http://www.fujitsu.com>.

Management Direction

FY 2016 Progress Review

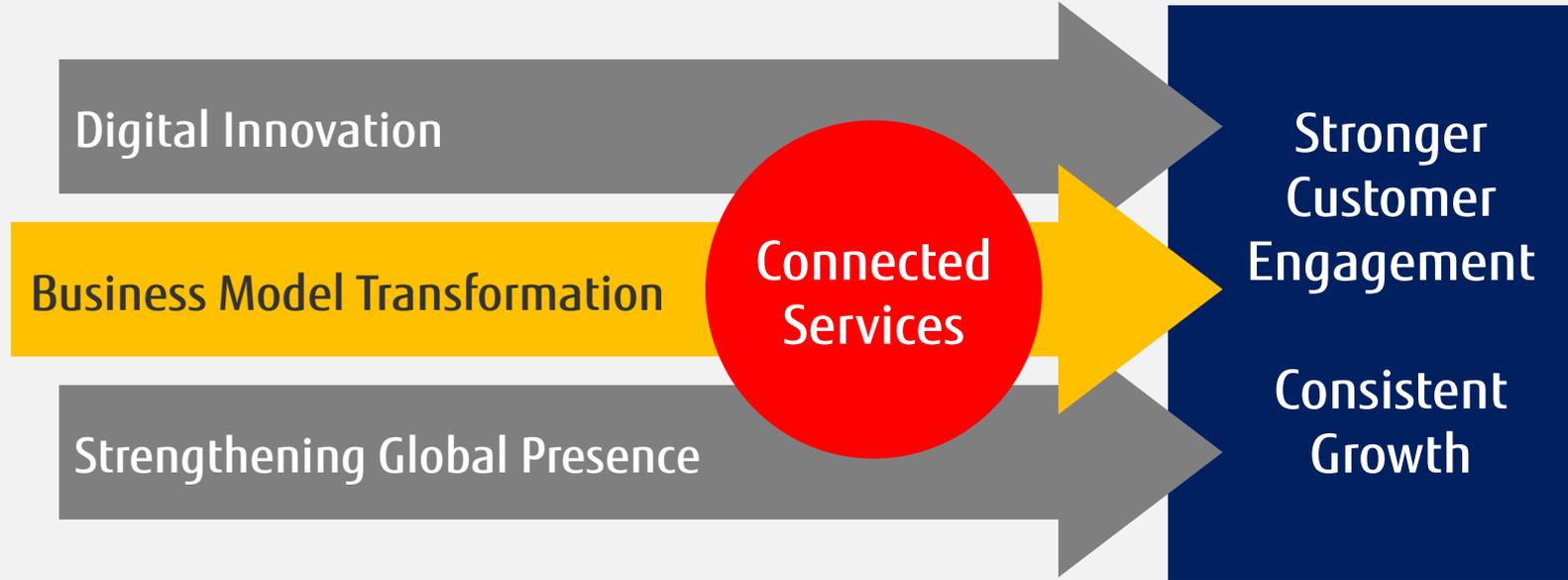
October 27, 2016

FUJITSU LIMITED

Management Direction in Progress

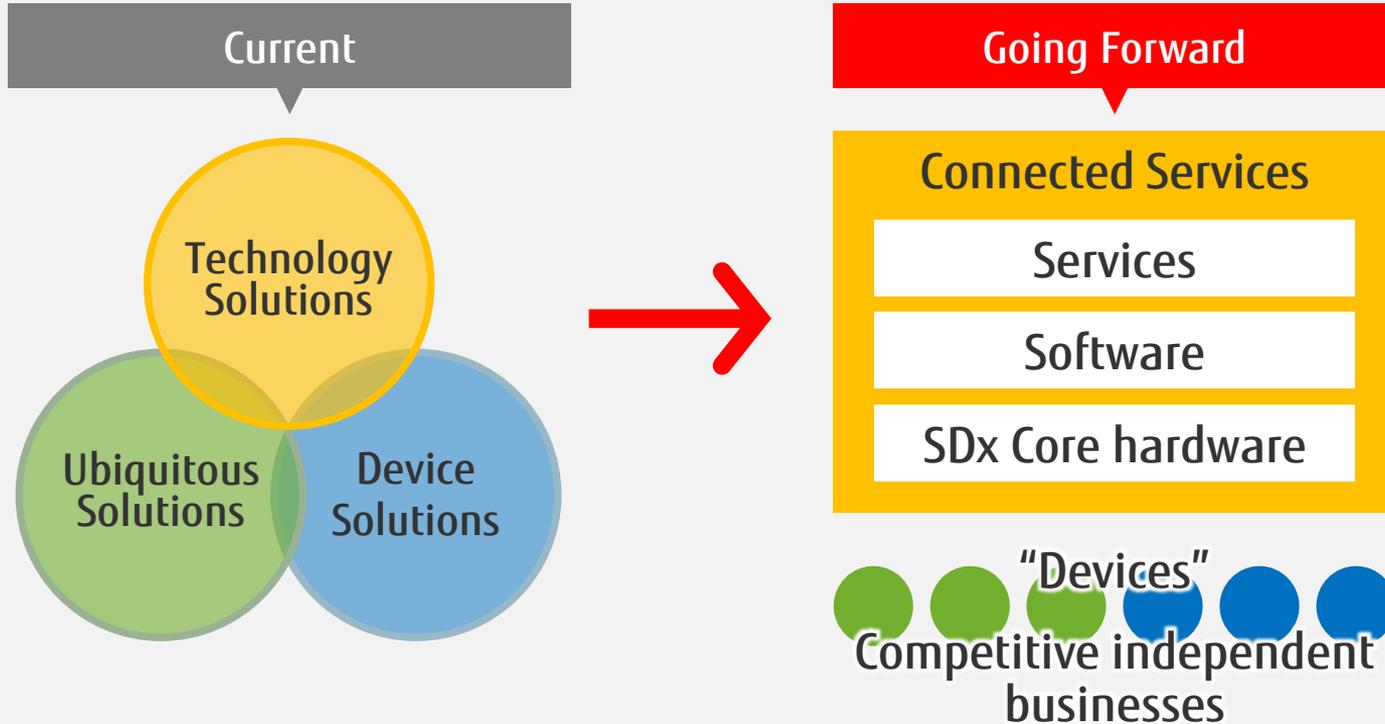
(Announced in FY2015)

Transformation Going Forward



Business Model Going Forward

Focus our Management Resources on Technology Solutions



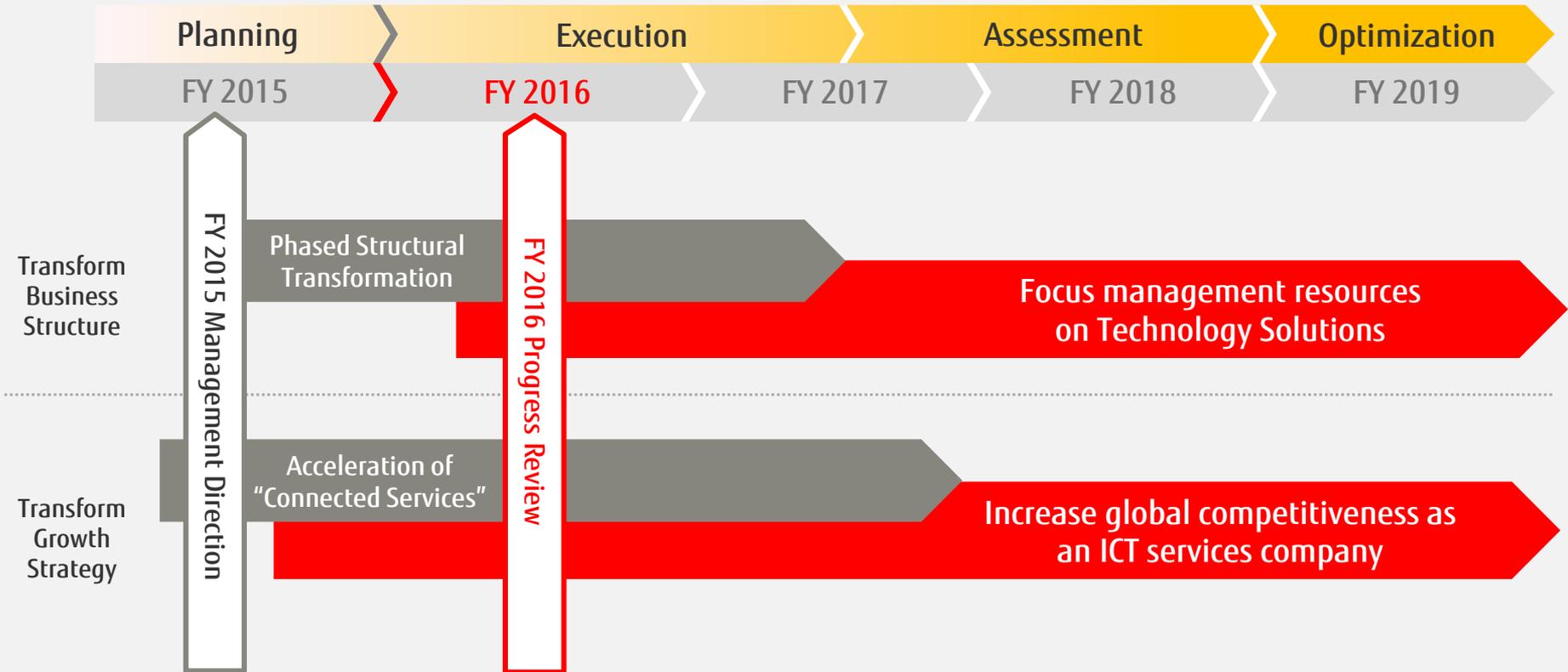
Consolidated Financial Targets

Operating profit margin	→	over	10 %
Free cash flow	→	over	JPY 150 billion
Owners' equity ratio*	→	over	40 %
Ratio of overseas revenue	→	over	50 %

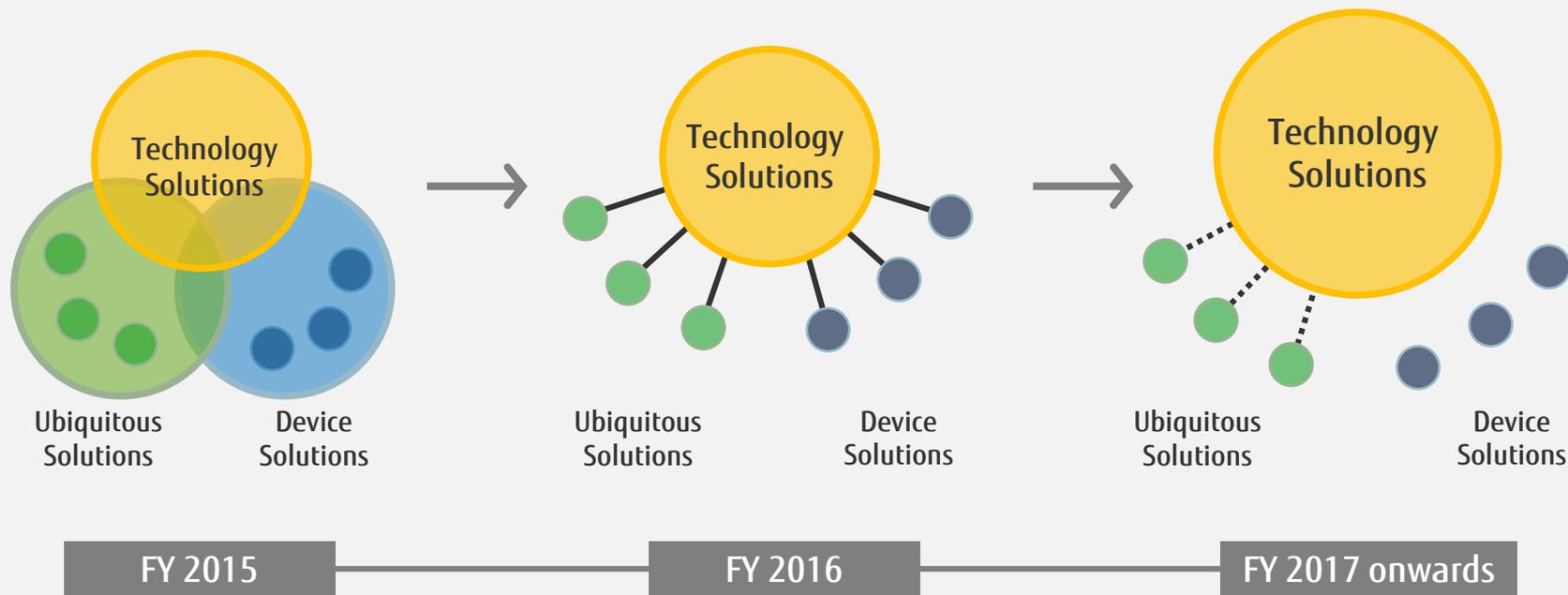
*Owners' equity ratio: Ratio of Equity Attributable to Owners of the Parent

FY 2016 Progress Review

Outline of Business Transformation

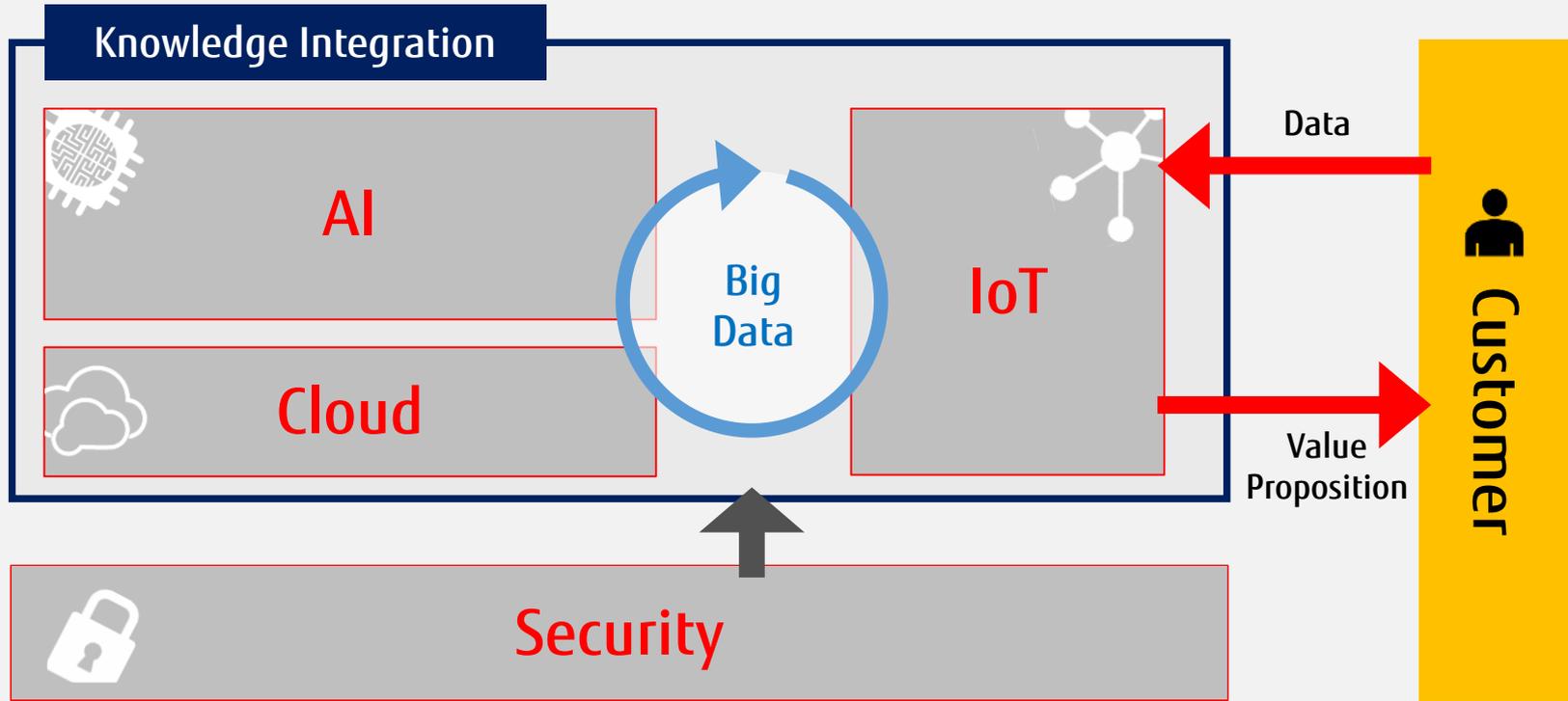


Transformation of Business Structure

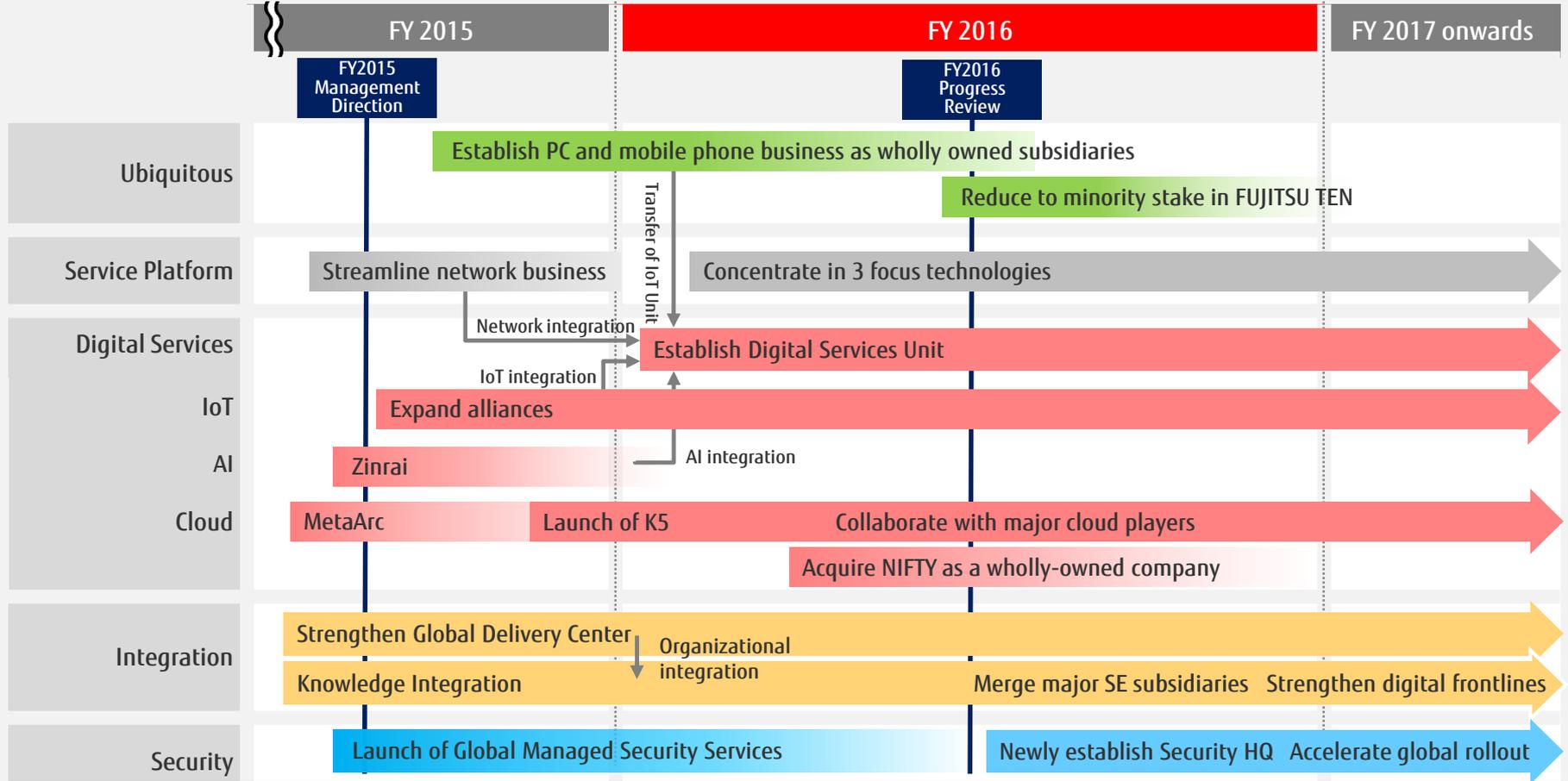


Continuously consider various options to make Ubiquitous and Device Solutions segments into competitive independent businesses

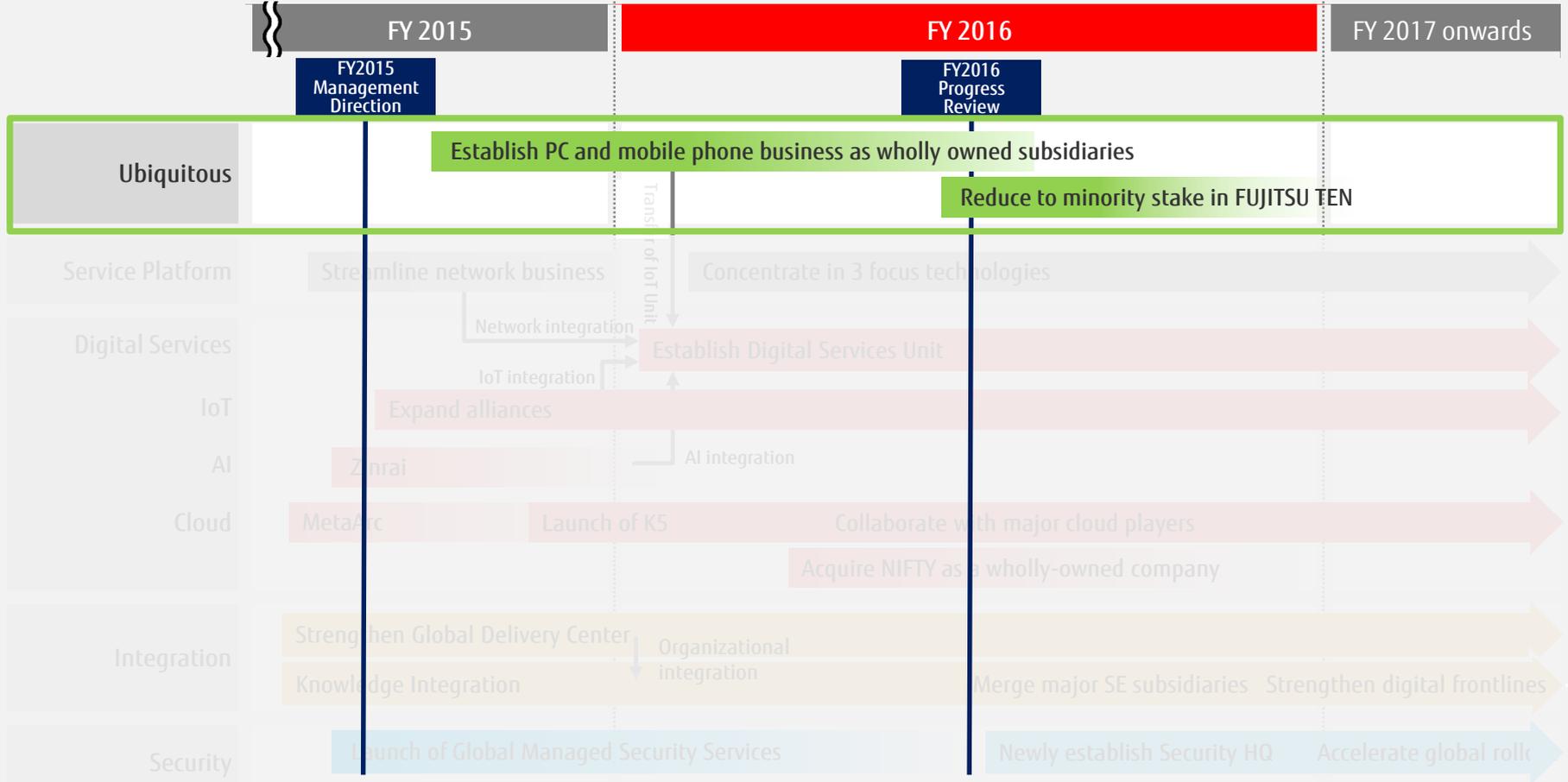
"Connected Services" (Transformation of Growth Strategy)



Digital Transformation toward "Connected Services"



Digital Transformation toward "Connected Services"



Ubiquitous Solutions as Independent Businesses

PC and Mobile Phone Business

Established as wholly owned subsidiaries
in February 2016



PCs



Fujitsu Client
Computing Limited



Mobile
Phones



Fujitsu Connected
Technologies Limited

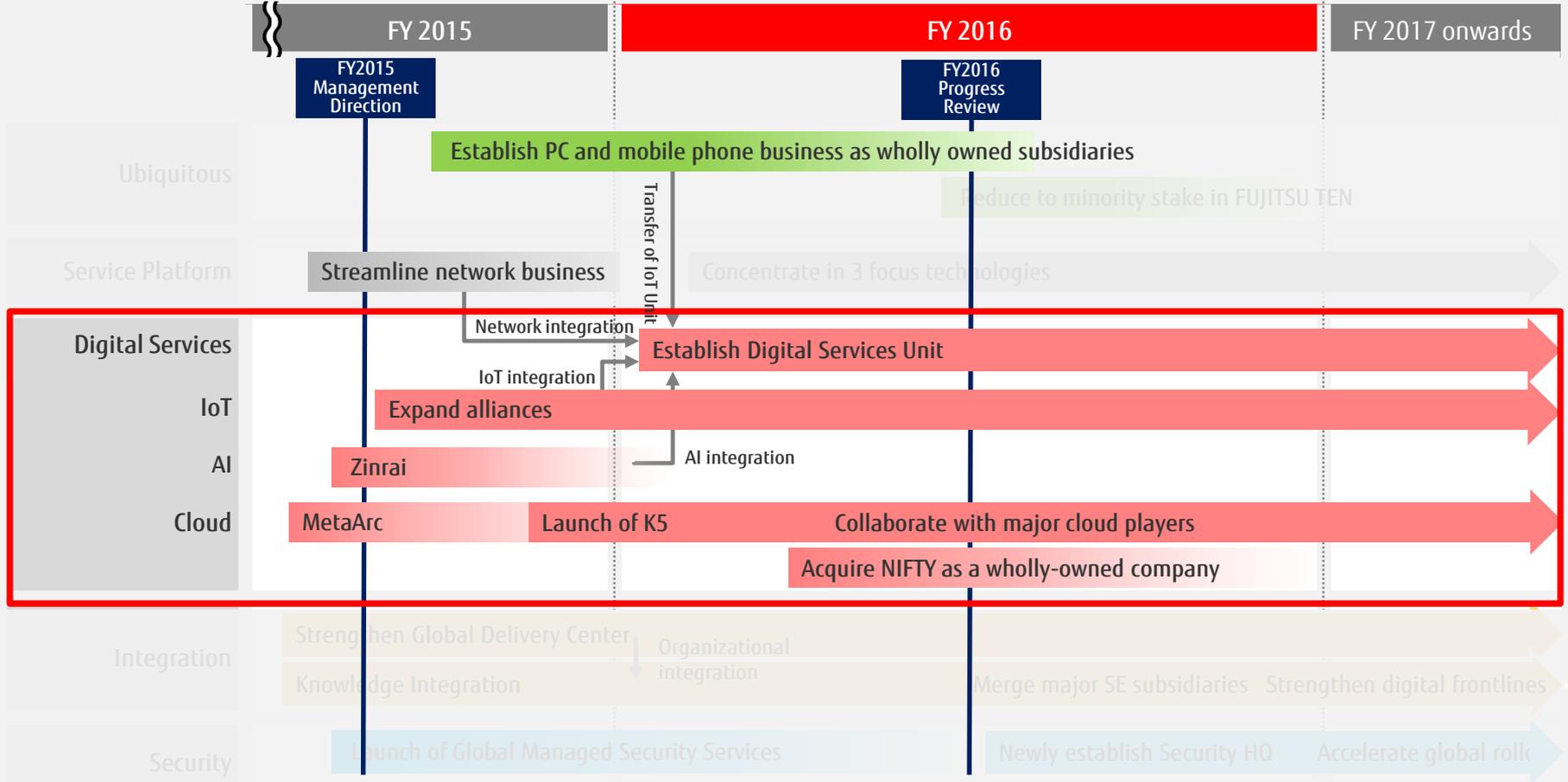
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Basic agreement
with DENSO Corporation
and Toyota Motor Corporation
to change capital structure

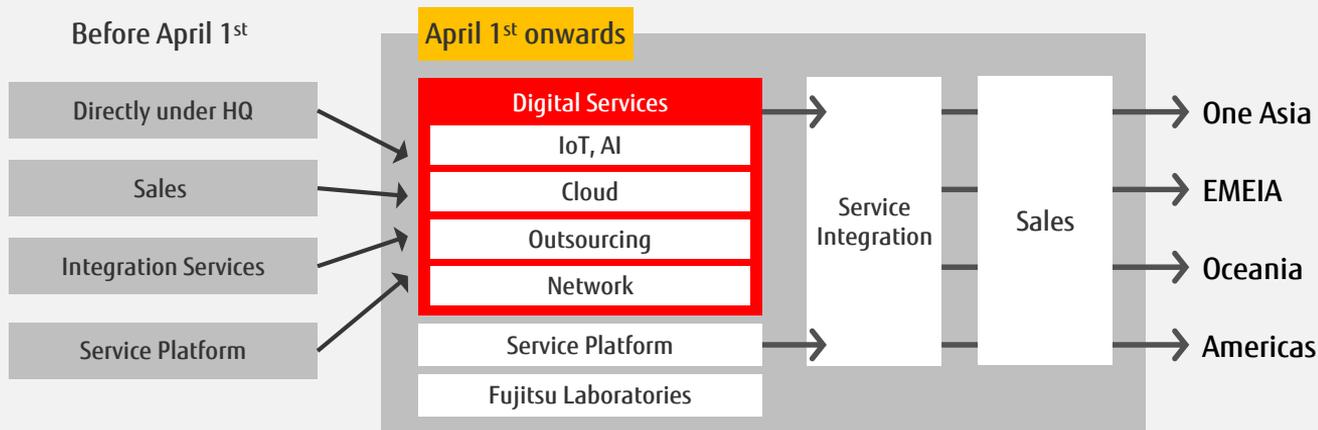
(September 2016)

Digital Transformation toward "Connected Services"

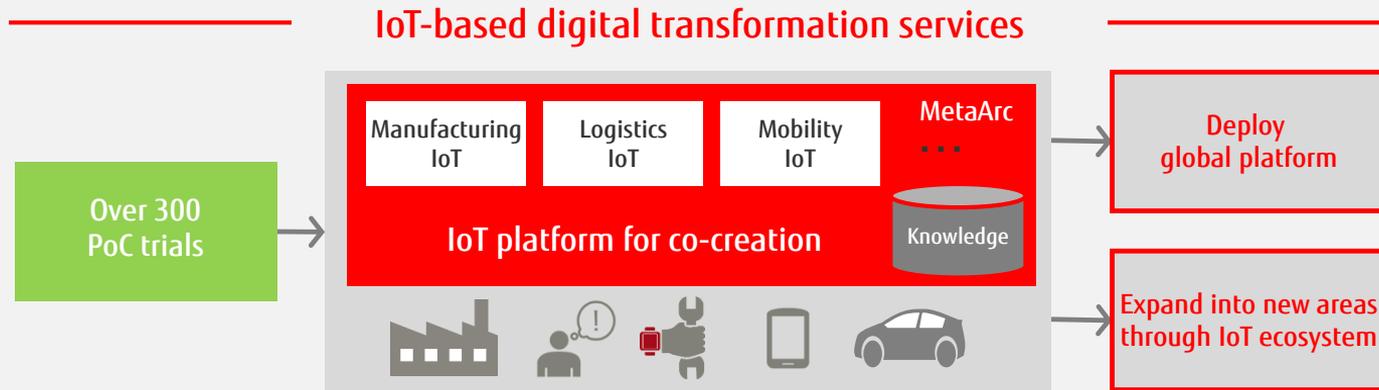


Integrated Organization to Strengthen Digital Services

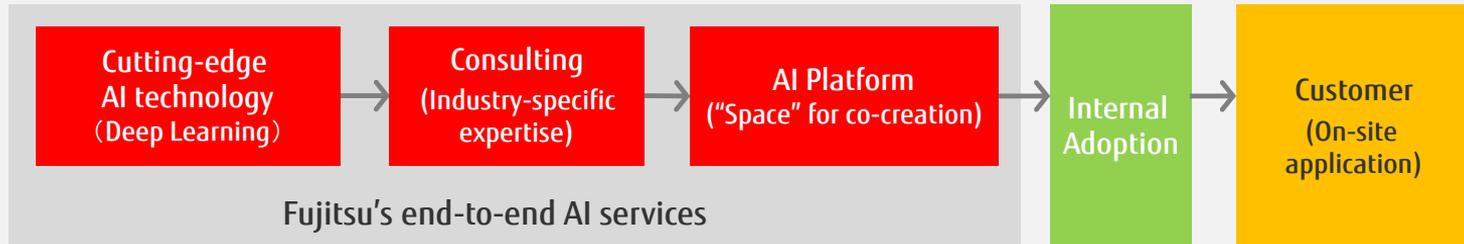
- Establish an organization that integrates the businesses essential to digital services that was spread across the company
- Align cutting-edge technologies (IoT/AI/Cloud etc.) and offer our Digital Business Platform “MetaArc” that provides a simple, safe and convenient “space”
- Create new relationships and unique value that build customer ecosystems



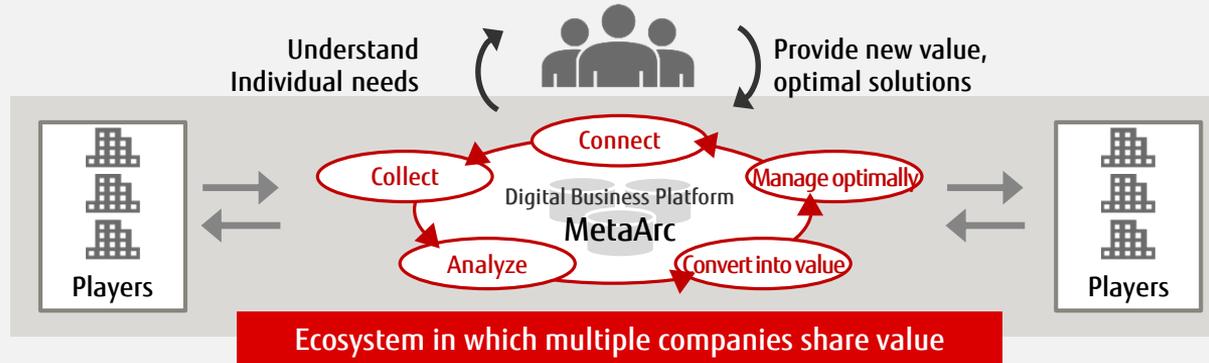
- Position IoT as the core function in data gathering which is key to “connected services”
- Deploy a global platform for IoT-based digital transformation
- Expand access to big data and accumulate knowledge through more than 300 ongoing proof-of-concept trials and external alliances



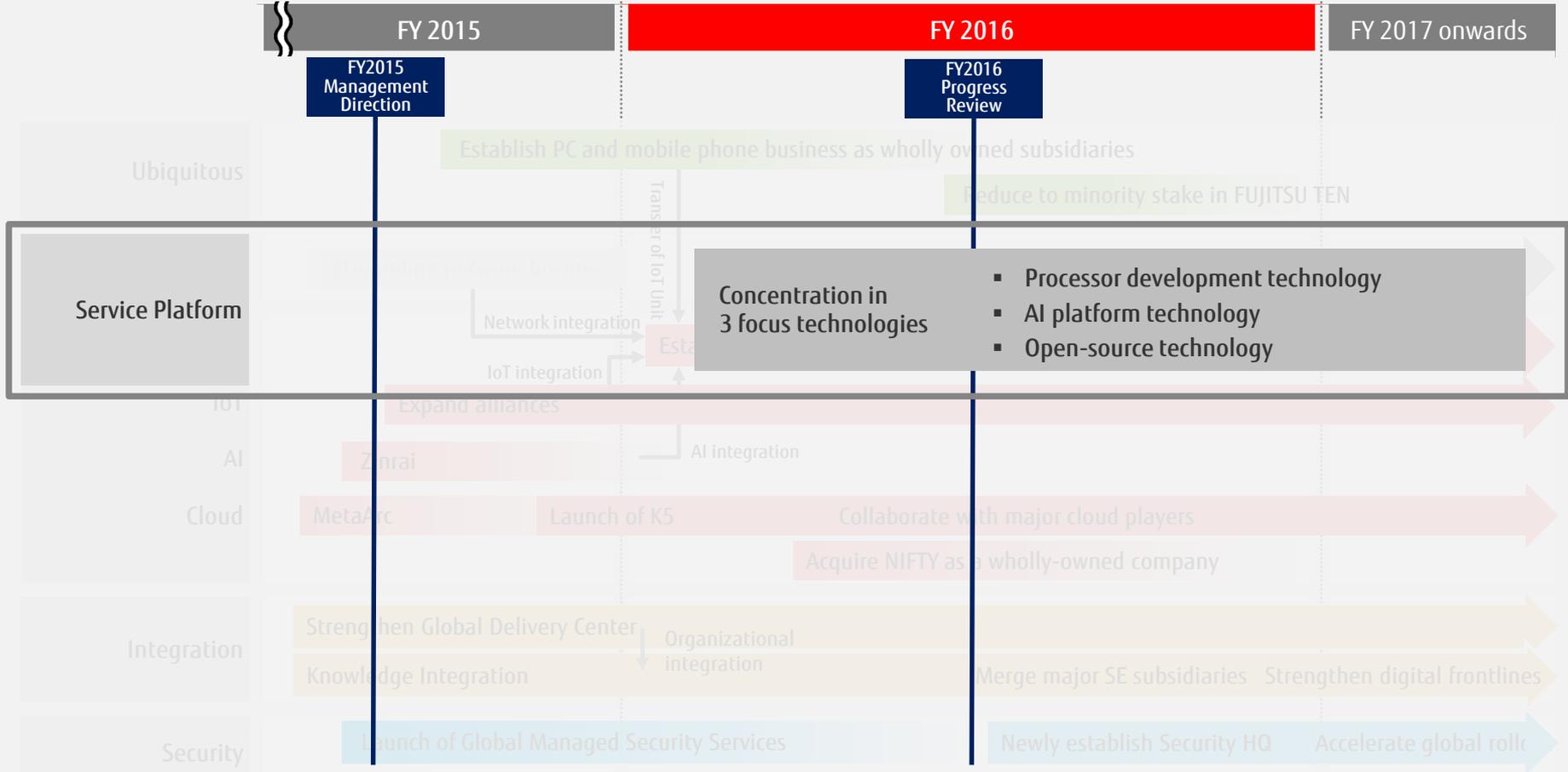
- Launch of Fujitsu's "Human Centric AI Zinrai" : November 2015
- Offer platform running on latest AI engines such as parallel processing technologies on MetaArc
- Apply AI to Fujitsu business and automate internal processes and strengthen our AI talent pool : 1,500 engineers by FY 2018



- Strengthen our OSS-based "K5" cloud in an open competitive environment
- Expand our single cloud platform globally by leveraging our position in Japan and Europe
- Enhance MetaArc by pursuing alliances with strong global partners



Digital Transformation toward "Connected Services"



Strengthening Technologies for Digital Transformation

- 
- Increase competitiveness in digital services that require high-speed processing of massive data with our world-class hardware technologies
 - Strengthen development of cutting-edge algorithms and unique processors that can accelerate advanced deep learning
 - Leverage open-source technologies and offer a secure platform that conforms to global standards

3 Focus Technologies



Processor development
technology

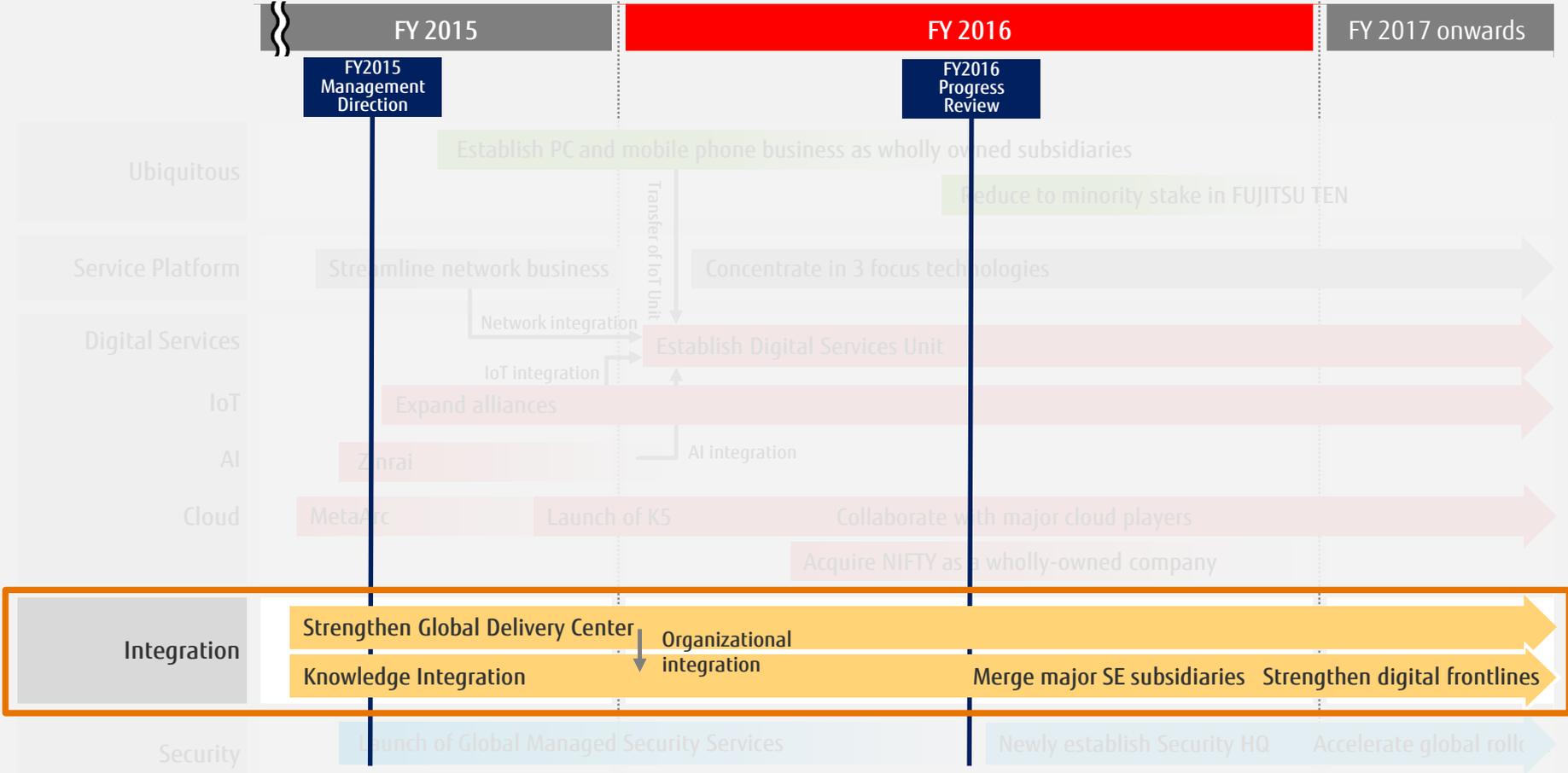


AI platform
technology



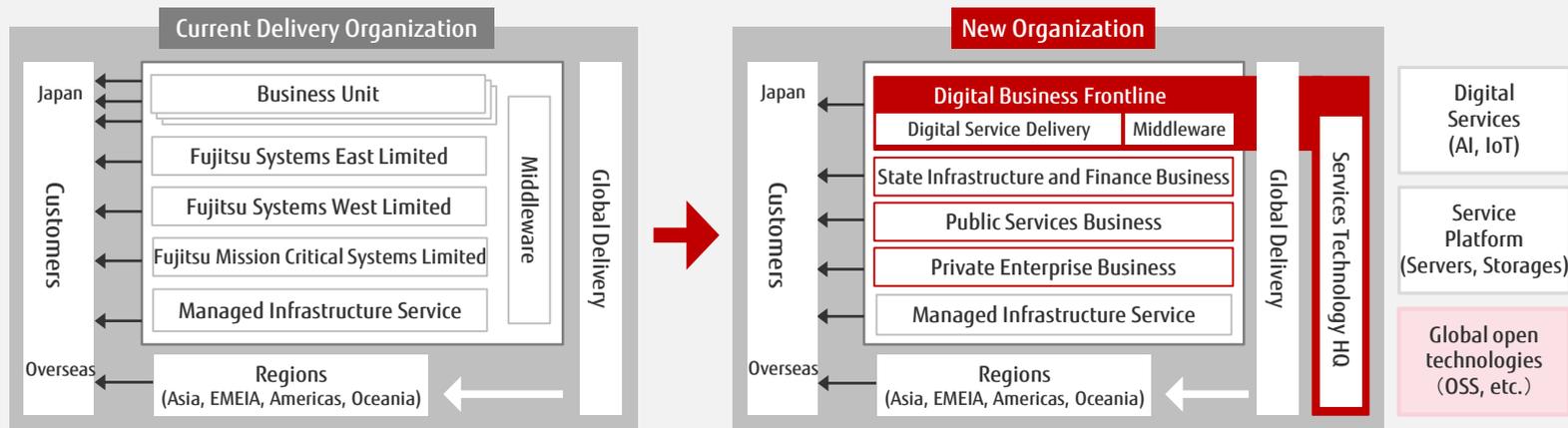
Open-source
technology

Digital Transformation toward "Connected Services"

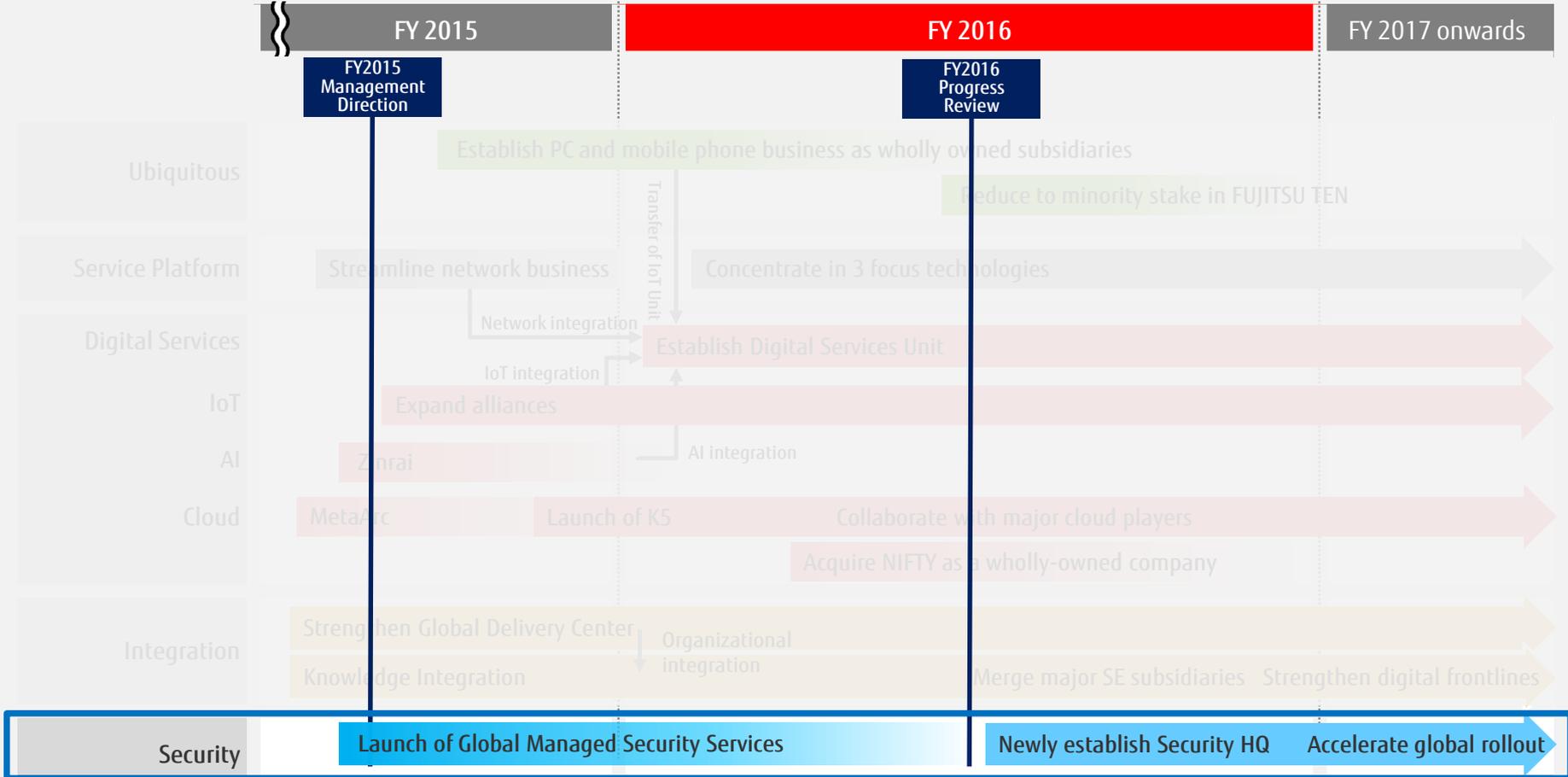


Integrate SE Resources for Digital Transformation

- Enhance specialized capabilities by merging major system engineering subsidiaries, accelerate digital transformation
- Strengthen capability to generate new digital business through the new frontline organization
- Newly establish a Service Technology HQ organization to consolidate company-wide digital technologies and provide field support globally

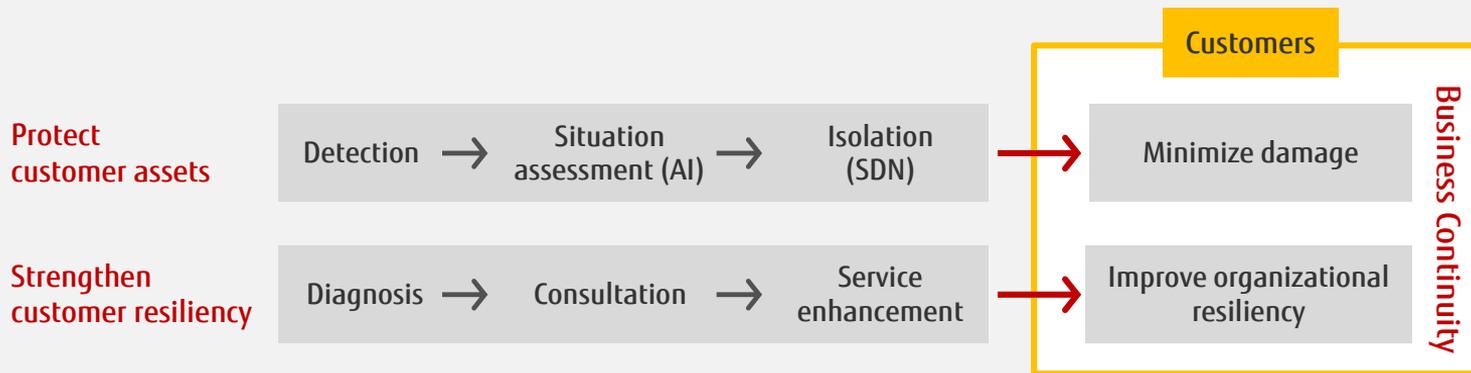


Digital Transformation toward "Connected Services"

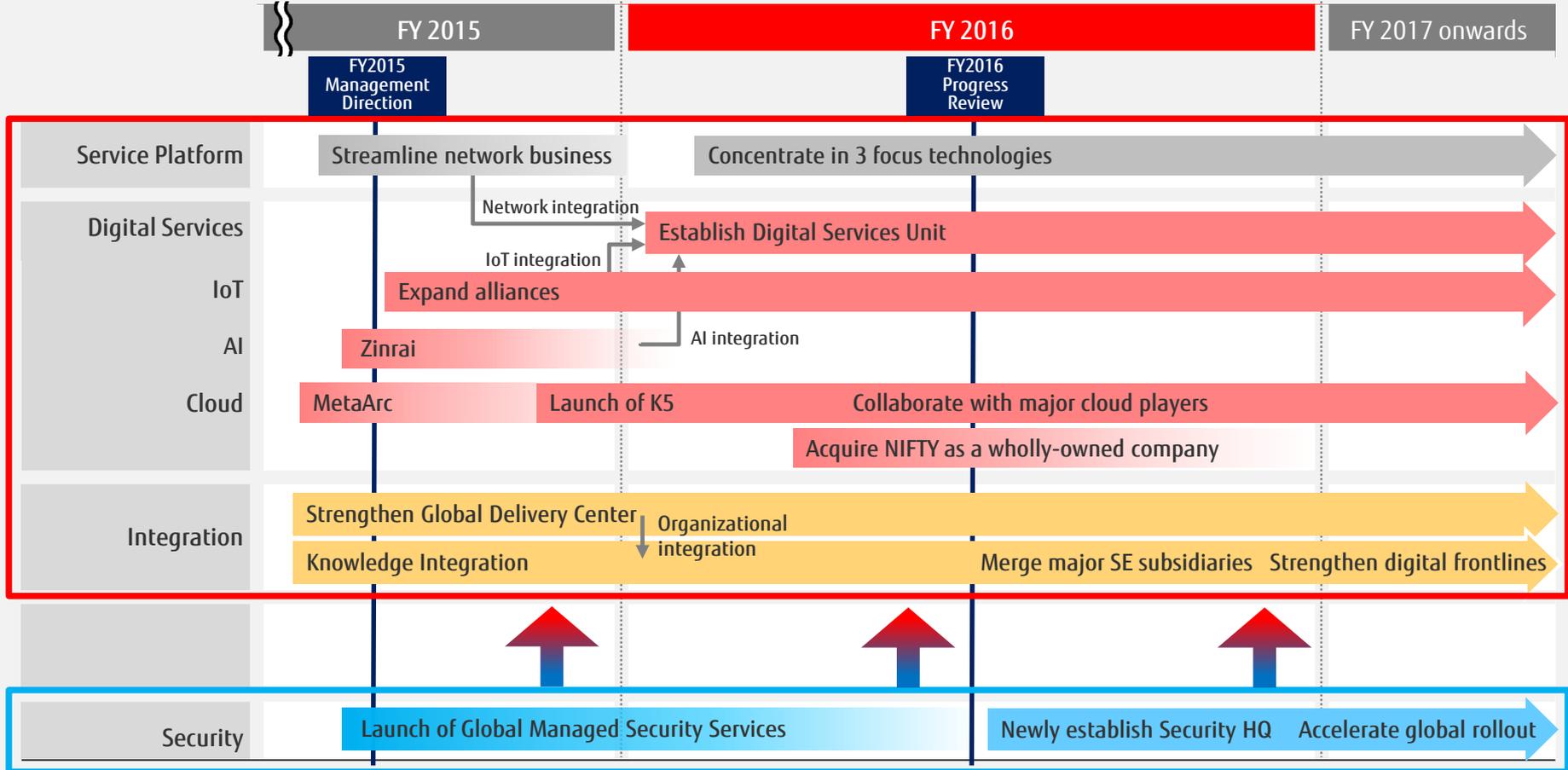


Establish Integrated Security Organization

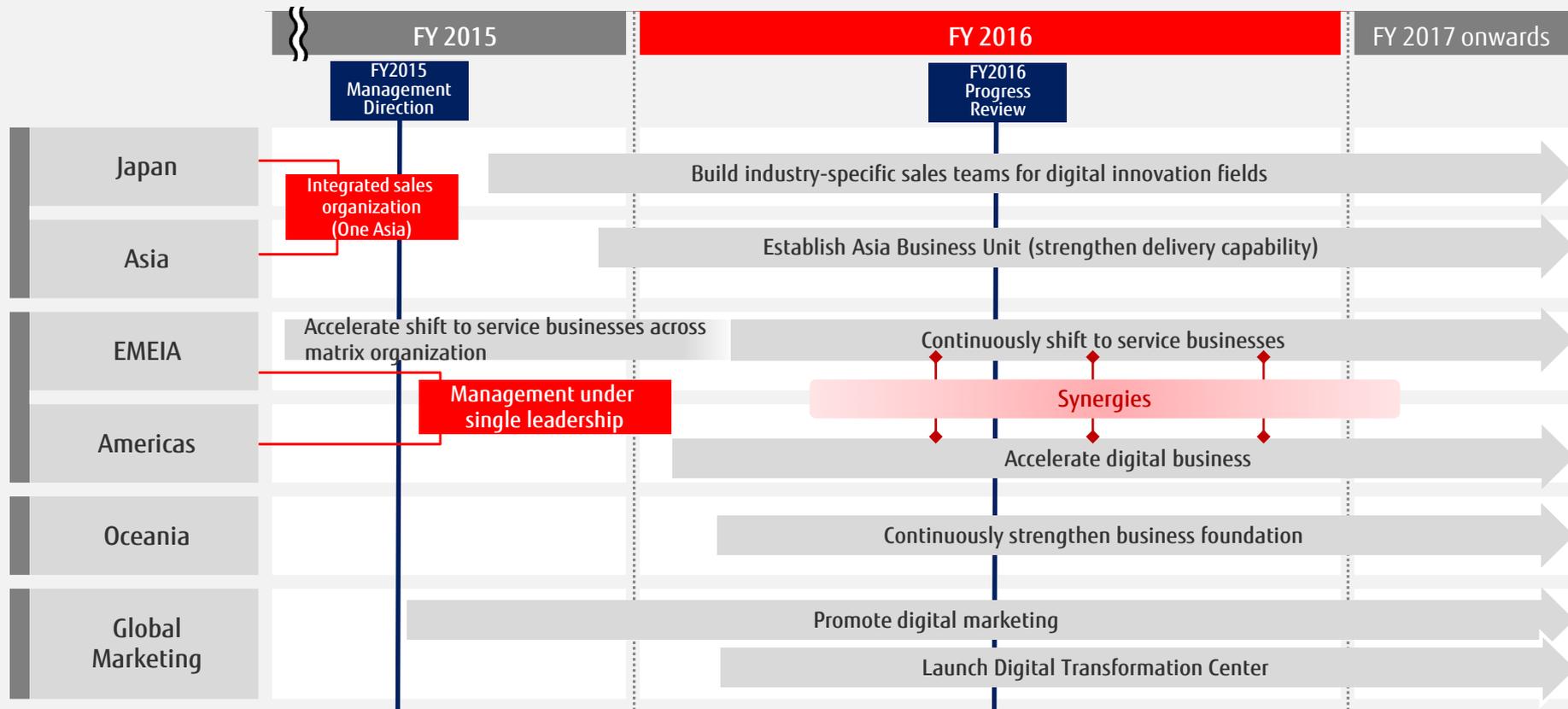
- Focus on security services that underpin the business continuity of customers
- Apply AI to network technology accumulated over many years to immediately detect and isolate contaminated components
- Establish a Security HQ and deploy a globally integrated service



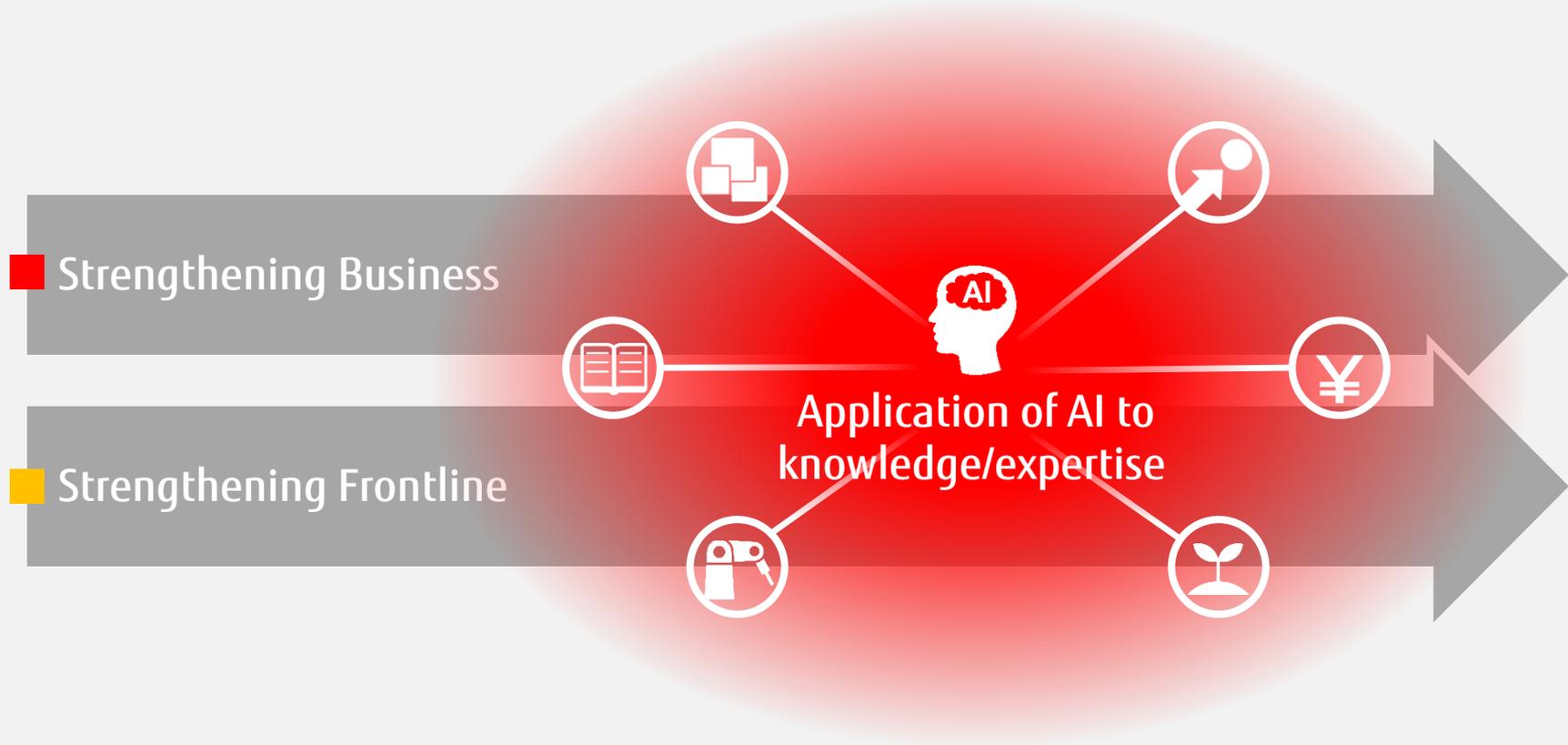
Digital Transformation toward "Connected Services"



Strengthen Frontline Customer Engagement



Apply AI to Knowledge and Expertise



Progress of Cost Reduction

Strengthening cost competitiveness through company-wide projects

FY 2015
Management
Direction

FY 2016
to date

Offshore utilization



JPY 30.0 billion reduction
(cumulative 3 years)

JPY 10.0 billion

Migration of all internal
systems on to K5



JPY 35.0 billion reduction
(cumulative 5 years)

JPY 1.0 billion

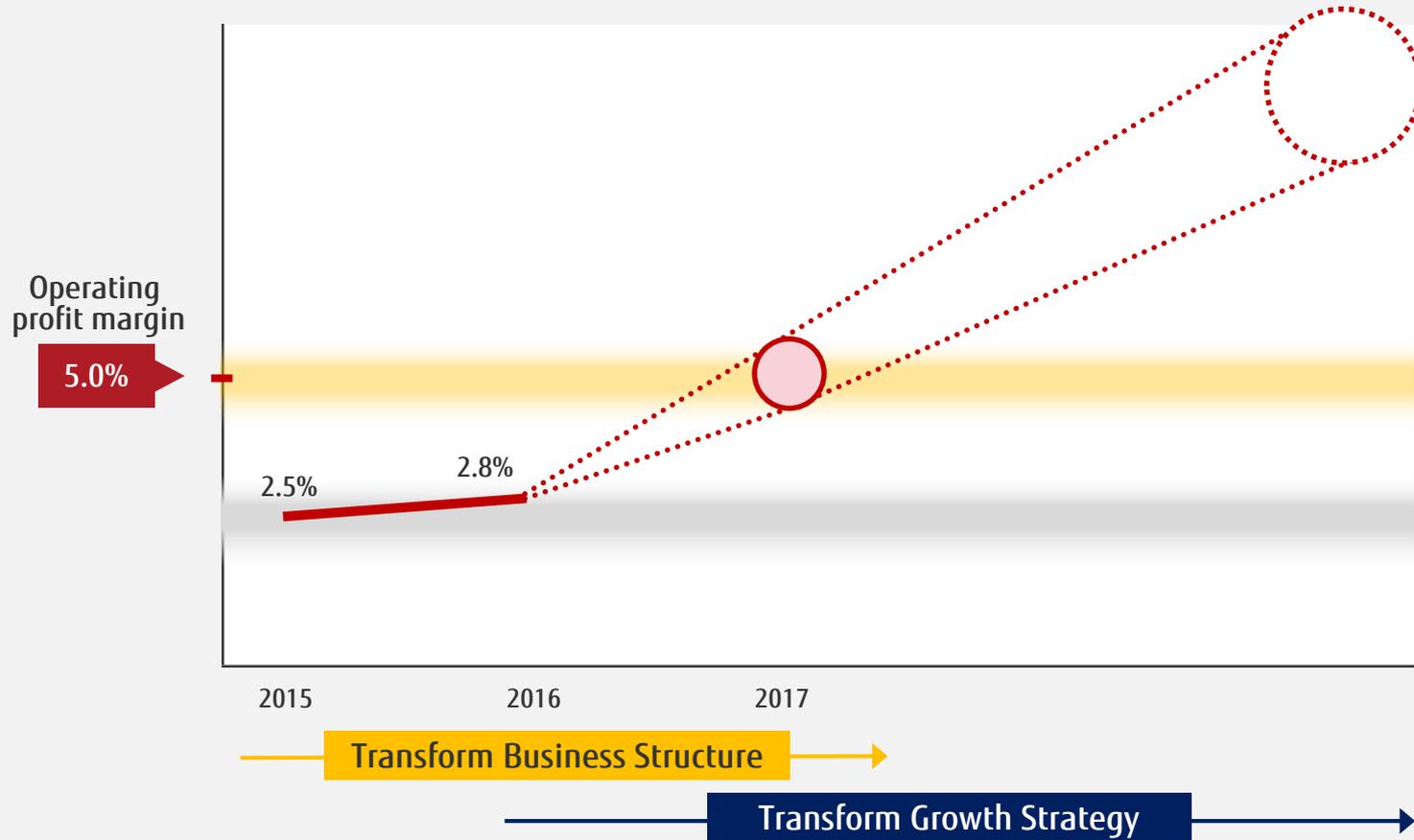
Company-wide
cost reduction projects



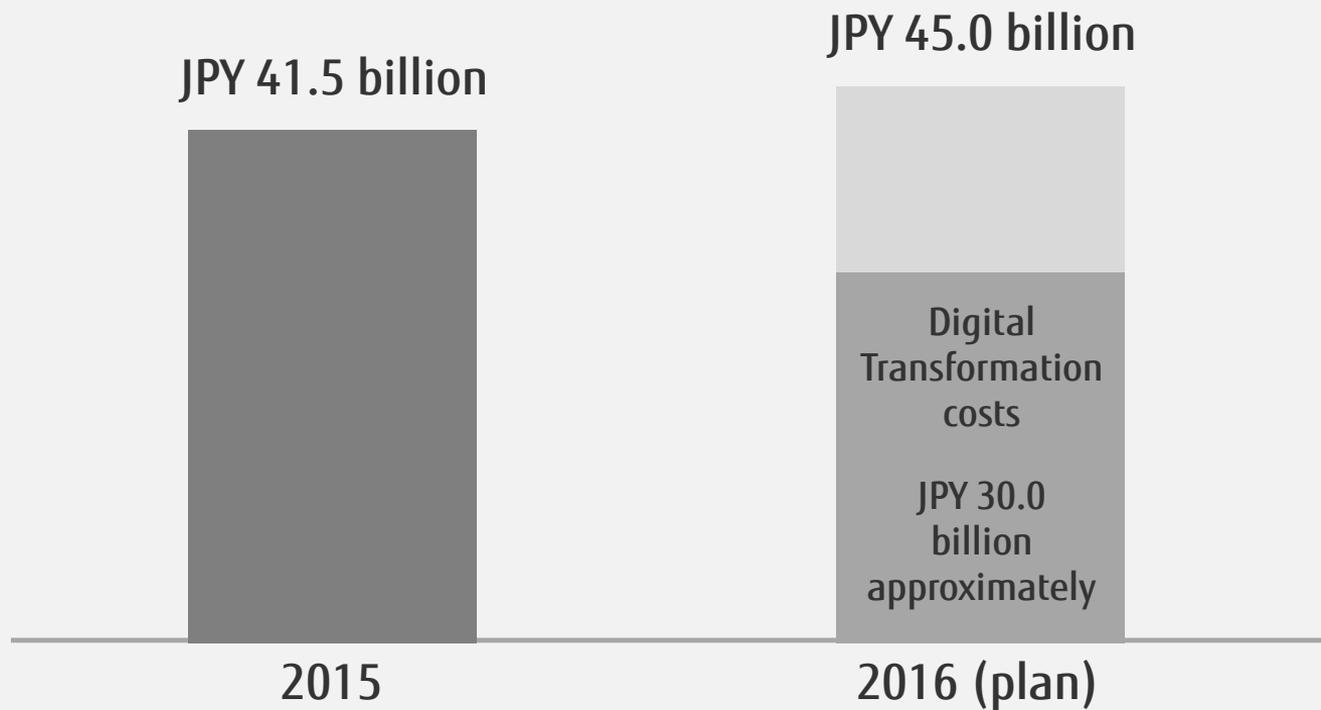
JPY 40.0 billion reduction
(cumulative 3 years)

JPY 25.0 billion

Towards Achieving Our Goal

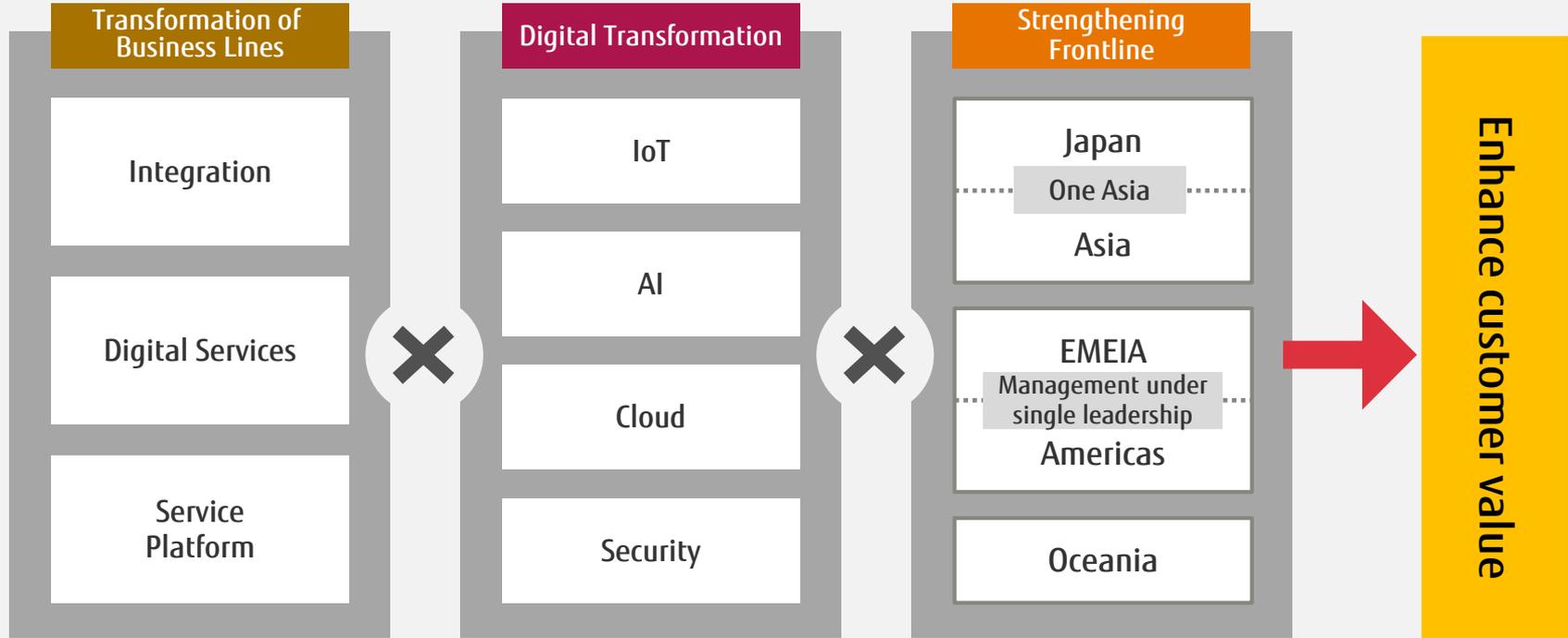


Breakdown of Business Model Transformation Costs



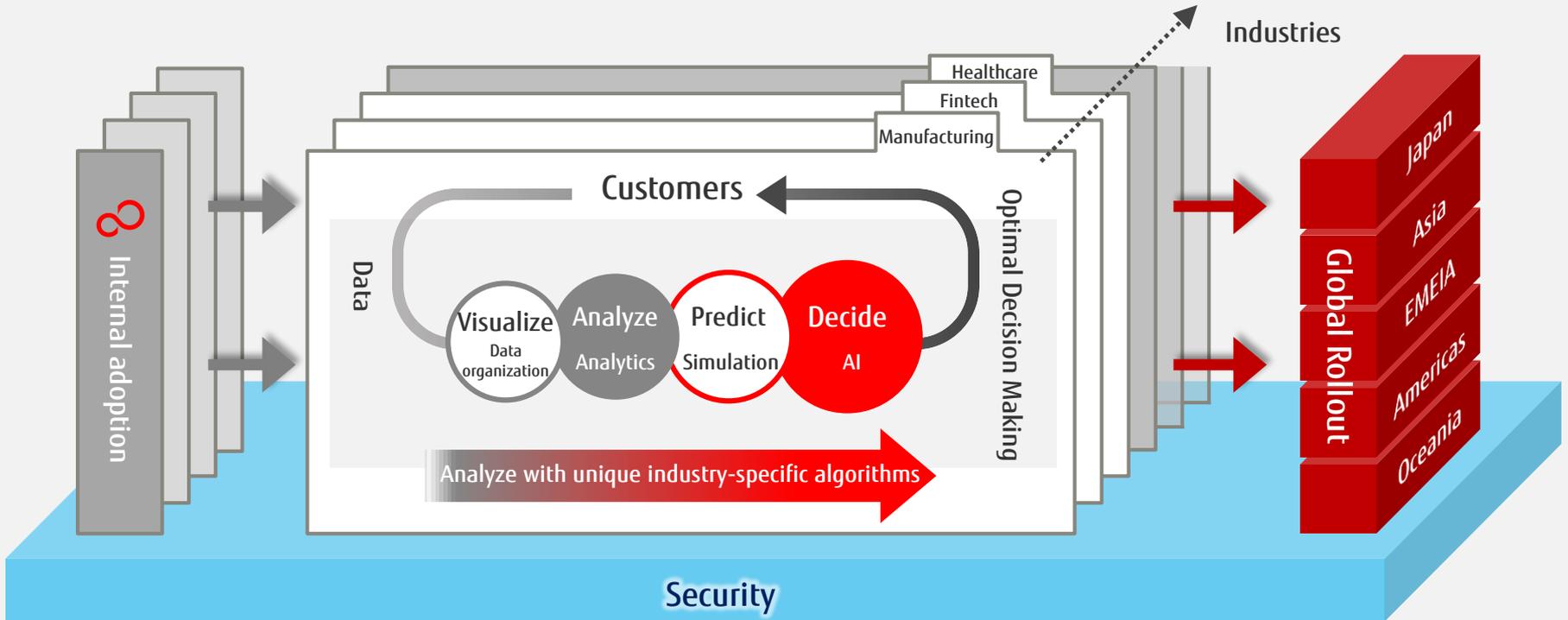
Business Transformation Matrix

Continue internal adoptions and strengthen consulting and delivery capabilities towards customers

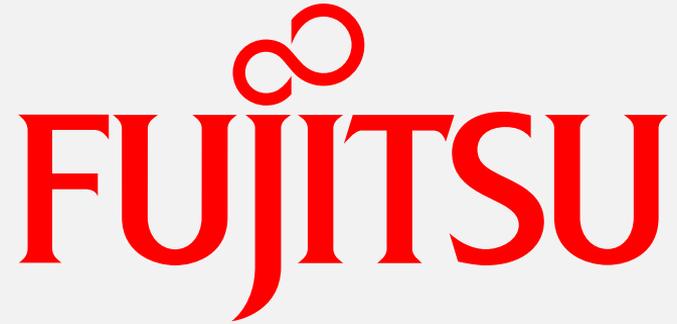


Fujitsu's Value Proposition

Refine our various expertise through AI capabilities and create added-value with robust security offerings







shaping tomorrow with you